

Message Text

CONFIDENTIAL

PAGE 01 ALGIER 00042 081546Z

44

ACTION H-03

INFO OCT-01 SS-07 ISO-00 NSC-06 AF-04 AID-01 DRC-01 RSC-01

/024 W

----- 042910

R 081504Z JAN 74

FM USINT ALGIERS

TO SECSTATE WASHDC 9995

C O N F I D E N T I A L ALGIERS 0042

LIMDIS

E.O.11652: GDS

TAGS: ENRG, AG, OREP

SUBJ: CODEL JOHNSTON AND QUESTION OF ALGERIAN

LNG POLICY

SUMMARY: DURING SENATOR JOHNSTON'S BRIEF VISIT TO ALGIERS JANUARY 7-8 HE WAS FAVORABLY IMPRESSED WITH ALGERIAN OFFICIALS HE MET AND WITH THEIR EXPRESSIONS OF DESIRE FOR ENLARGED U.S.-ALGERIAN RELATIONSHIP. ALGERIANS EMPHASIZED IMPORTANCE OF LONG TERM TRADE WITH U.S. IN WHICH ALGERIAN GAS WOULD PURCHASE U.S. TECHNOLOGY AND EQUIPMENT. HOWEVER, THEY SAID THEY COULD NOT, DURING PERIOD OF CRISIS DIRECTLY INVOLVING ALGERIA, GUARANTEE THAT ALGERIAN LNG WOULD AT ALL TIMES FLOW FREELY TO U.S. MARKET. END SUMMARY

1. SENATOR JOHNSTON ARRIVED ALGIERS AFTERNOON JANUARY 7 AND LEFT FOR CAIRO EARLY MORNING JANUARY 8. HE WAS MET AT AIRPORT BY DIRECTOR WEST EUROPEAN AND NORTH AMERICAN AFFAIRS OF FOREIGN MINISTRY, ABERKANE, AND HAD APPOINTMENTS WITH DIRECTOR OF PLANNING AT MINISTRY OF INDUSTRY AND LATER WITH DEPSEC GEN PRESIDENCY HAMDANI WHERE WE WERE JOINED BY PRESIDENT OF SONATRACH GHOZALI AND SEC GEN MINISTRY INDUSTRY NAD ENERGY CASTEL. LATER GHOZALI HOSTED INFORMAL DINNER. MINISTER INDUSTRY ABDESSELAM WAS AT OPEC MEETING AND PRESIDENT

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ALGIER 00042 081546Z

BOUMEDIENE WAS TIED UP WITH CONGOLESE PRIME MINISTER

AND PRESIDENT NUMAYRI'S SPECIAL REPRESENTATIVE, SO HIGHEST LEVEL CONTACT WAS WITH HAMDANI. VISIT WAS COVERED BY ALGERIAN PRESS, RADIO AND TV.

2. SENATOR JOHNSTON'S PRIMARY INTEREST WAS IN RELIABILITY OF ALGERIA'S SOURCE OF LNG IN LIGHT OF ARAB USE OF OIL AS A POLITICAL WEAPON, ALGERIANS WERE OBVIOUSLY PAINED WHEN CONFRONTED WITH QUESTION : "IF GAS CONTRACTS WITH U.S. WERE NOW BEING IMPLEMENTED WOULD THERE BE AN INTERRUPTION OF GAS SHIPMENTS." HAMDANI SIDETRACKED ANSWER SEVERAL TIMES BY GIVING PRESENTATION ON ALGERIAN POSITION RE MIDDLE EAST.

3. RE LNG, HAMDANI STRESSED THAT BASIS OF LONG TERM U.S.-ALGERIAN RELATIONSHIP WAS SALE OF ALGERIAN GAS IN EXCHANGE FOR U.S. TECHNOLOGY AND EQUIPMENT. HE EMPHASIZED COMPLEX NATURE OF RELATIONSHIP BETWEEN LNG SUPPLIER AND CONSUMER WHICH WOULD MAKE IT IN INTEREST OF BOTH PARTIES TO MAINTAIN GAS FLOW OVER LONG TERM. HE AND GHOZALI MENTIONED ALGERIA'S NEED FOR FOREIGN EXCHANGE AND RELUCTANCE WITH WHICH ALGERIA HAD JOINED ARAB OIL BOYCOTT. THEY ALSO OBSERVED THAT CURRENT PARTIAL INTERRUPTION OF LNG FLOW TO FRANCE AND SPOT SALES TO U.S. WAS DUE TO GENUINE TECHNICAL PROBLEMS AT SKIKDA LEQUEFACTION PLANT. HOWEVER NEITHER HAMDANI NOR OTHER ALGERIANS WERE PREPARED TO "GUARANTEE" THAT GAS FLOW WOULD NEVER BE INTERRUPTED IN TIME OF "CRISIS" WHEN QUESTION OF VITAL POLITICAL IMPORTANCE TO ALGERIA WAS INVOLVED. ALL THEY COULD SAY WAS THAT CURRENT PETROLEUM BOYCOTT WAS UNIQUE AND WOULD HOPEFULLY SOON BE OVER.

4. ALTHOUGH ALGERIANS MADE FAVORABLE IMPRESSION FOR THEIR SERIOUSNESS AND WERE CONVINCING IN EXPRESSIONS OF DESIRE FOR ENLARGE U.S.-ALGERIAN RELATIONSHIP, THEY DID NOT SATISFY SENATOR JOHNSTON WITH RESPECT TO ALGERIA'S RELIABILITY AS A SUPPLIER OF LNG OVER LONG TERM.

5. COMMENT: ALTHOUGH HAMDANI CAME AS CLOSE AS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ALGIER 00042 081546Z

POSSIBLE TO FORMULATE AN "OFFICIAL LINE" RE LNG, WE HAVE IMPRESSION THAT NEITHER HE NOR OTHER ALGERIANS ARE ABLE TO STATE POLICY WITH PRECISION BECAUSE PRESIDENT BOUMEDIENE HIMSELF HAS NOT SET CLEAR GUIDE LINES. AT ONE POINT HAMDANI NOTED THAT ALGERIANS COULD TAKE EASY WAY OUT BY "GUARANTEEING" SECURITY OF FUTURE GAS SHIPMENTS, "BUT THIS WOULD NOT BE HONEST SINCE NO ONE KNOWS WHAT FUTURE MAY BRING."

WHILE THIS CANDOR IS NOTEWORTHY, IT IS NOT REASSURING
TO THOSE WHO HAVE DOUBTS RE FUTURE SUPPLY OF ALGERIAN LNG TO U.S.
MARKET.
EAGLETON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LPG, PETROLEUM, EMBARGOES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JAN 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ALGIER00042
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740157/aaaacbx.tel
Line Count: 119
Locator: TEXT ON-LINE
Office: ACTION H
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by elyme>; APPROVED <16 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CODEL JOHNSTON AND QUESTION OF ALGERIAN LNG POLICY
TAGS: ENRG, OREP, AG, US, (JOHNSTON, J BENNETT)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005